

NEVADA TAX COMMISSION
MEETING MINUTES

June 25, 2020
9:00 a.m.

Members Present:

Jim DeVolld, Chairman
Francine Lipman, Commissioner
Ann Bersi, Commissioner
Randy Brown, Commissioner
George Kelesis, Commissioner
Tony Wren, Commissioner
Sharon Rigby, Commissioner
Craig Witt, Commissioner

Chairman DeVolld called the meeting to order at 9:00 a.m.

I. Public Comment.

There was no public comment.

Shellie Hughes, Chief Deputy Executive Director, administered an oath to all meeting participants.

II. Meeting Minutes:

A. Consideration for Approval of the May 4, 2020 Nevada Tax Commission Meeting Minutes.

Commissioner Brown moved approve the May 4, 2020 Nevada Tax Commission Meeting Minutes.
Commissioner Witt seconded the motion. All in favor. Motion carries.

III. CONSENT CALENDAR

A. Matters of General Concern:

1) Bonds Administratively Waived (dates as indicated) (Sales/Use Tax):

- 1) BRZ Liquor LLC
- 2) Core Service LLC
- 3) Fast Foodies R11
- 4) Frank J. Bandera
- 5) Home Run Restaurant Group Inc.
- 6) Little Angel LLC
- 7) Malek Family Holdings LLC
- 8) Millennium NV LLC
- 9) Nobert Jayasinghe Vidana Patiramage
- 10) Petite Street LLC
- 11) Pinon NV LLC
- 12) RAZB Inc.
- 13) Reed Inc.
- 14) Reno Grilled Foods Inc.
- 15) Resort Concepts Inc.
- 16) Sabbah Inc.
- 17) Scales N Tails Las Vegas LLC
- 18) Sumon LLC
- 19) Sun Solutions NV LLC
- 20) USA Pallet Depot LLC
- 21) Van Nguyen LLC

- B. Waiver of Penalty and Interest Pursuant to a Request on a Voluntary Disclosure (Sales/Use Tax, Modified Business Tax and/or Commerce Tax):
- 1) American Propeller Service
 - 2) CE Power Engineered Services LLC
 - 3) Dulles Electric & Supply Corporation
 - 4) Infinite Peripherals Inc.
 - 5) Longi Solar Technology US Inc.
 - 6) The Metropolitan Museum of Art
 - 7) Pacira Cryotech Inc.
 - 8) Postmates Inc.
 - 9) Public Media Distribution LLC
 - 10) Revital U
 - 11) Tedder Industries LLC
 - 12) Vibram Commerce LLC
 - 13) VICI Inc.
 - 14) Fili D'Oro Inc.
 - 15) Flaming River Industries Inc.
 - 16) Geneva Pipe Company
 - 17) Anastasia Beverly Hills LLC
 - 18) CEIA USA Ltd.
- C. Waiver of Penalty and/or Interest Pursuant to NRS 360.419 that exceeds \$10,000:
- 1) Fast Cash Buy & Sell Inc.
 - 2) QualCan, LLC
 - 3) Tryke Companies of SO NV, LLC
 - 4) Johnson & Johnson Health Care Systems Inc.
 - 5) Round Mountain Gold
 - 6) C&K Automotive LLC
- D. Approval of Refund/Credit Request in Excess of \$250,000:
- 1) MDC Holdings Inc.
 - 2) Kronos Inc.
 - 3) Hitachi Data System Corporation
 - 4) Midland National Life Insurance Company
 - 5) Pacific Life Insurance Company
 - 6) Black Rock City LLC "Burning Man"
- E. Consideration for Approval of the Recommended Settlement Agreements and Stipulations (Sales/Use Tax, Modified Business Tax and/or Commerce Tax)
- 1) Yolos Auto Sales, LLC
 - 2) Alorica Business Solutions fka West Business Solutions LLC
- F. Consideration for Approval of the Administrative Law Judge's Recommended Decision regarding an Appeal of a Property Tax Abatement pursuant to NRS 361.4734.
- 1) John A. and Kathryn E. Erbe (NTC 19-101)
- G. Department's Recommendation to the Commission for Approval of an Offer-In-Compromise pursuant to NRS 360.263:
- 1) Steven S. Acor
 - 2) Timothy M. Ferch
 - 3) Assaad Mohamad Jomaa

Commissioner Brown pulled items III. E. 1) Yolos Auto Sales, LLC, III. E. 2) Alorica Business Solutions fka West Business Solutions LLC and III. G. 1) Steven S. Acor.

Commissioner Rigby pulled agenda item III. B. 2) CE Power Engineered Services LLC.

Commissioner Witt pulled item III. D. 5) Pacific Life Insurance Company.

Chairman DeVolld pulled item III. F. 1) John A. and Kathryn E. Erbe.

Commissioner Kelesis moved to approve the consent calendar, excluding items III. E. 1), III. E. 2), III. G. 1), III. B. 2), III. D. 5), and III. F. 1). Commissioner Brown seconded the motion. All in favor. Motion carries.

Item III. D. 5. Pacific Life Insurance Company:

Commissioner Witt asked for clarification on the refund total listed in the documents and stated the amount of \$568,154.52 seems to be correct.

Jodie Tonkin, Tax Program Supervisor for the Nevada Department of Taxation stated there was a typo. Ms. Tonkin confirmed that \$568,154.52 is the correct number.

Commissioner Witt moved to approve Item III. D. 5. Pacific Life Insurance Company, with the corrected amount. Motion was seconded by Commissioner Rigby. All in favor. Motion carries.

Item III. E. 1. Yolos Auto Sales LLC:

Commissioner Brown mentioned that on the signature page, Mr. Blut is listed as a Deputy Attorney General, which is incorrect.

Peter Keegan, Deputy Attorney General, was present on behalf of the Nevada Department of Taxation. Mr. Keegan apologized for the typo and stated it will be corrected.

Edgar Smith, with the law office of Elliot Blut, was present on behalf of Yolos Auto Sales.

Commissioner Brown moved to approve Item III. E. 1. Yolos Auto Sales LLC, with the correction of the typographical error. Commissioner Wren seconded the motion. All in favor. Motion carries.

Item III E. 2. – Alorica Business Solutions fka West Business Solutions LLC:

Vivienne Rakowsky, Deputy Attorney General, was present on behalf of the Nevada Department of Taxation.

Commissioner Brown disclosed that Alorica is a vendor for AT&T. Commissioner Brown stated that he is not involved with the selection of this vendor and this does not affect his compensation or employment. Commissioner Brown was advised that he is free to vote on this item.

Commissioner Witt moved to approve Item III E. 2. Alorica Business Solutions fka West Business Solutions LLC. Commissioner Lipman seconded the motion. All in favor. Motion carries.

Item III. F. 1. John A. and Kathryn Erbe:

Chairman Devolld asked if this was a new home that had a foundation issue.

Jeffrey Mitchell was present on behalf of the Nevada Department of Taxation. Mr. Mitchell stated that this home was built some time ago and had a foundation issue. The Assessor had applied obsolescence because of a settlement that had occurred. The abatement appeal was filed when repairs to the foundation were made

and the obsolescence was removed. The construction value to repair the obsolescence was valued outside of the tax cap. There was litigation involved.

John and Kathryn Erbe were not present.

Commissioner Rigby stated the obsolescence was provided because the foundation had to be repaired. When it was repaired, the obsolescence was removed, and the value was reflected in the appraised value. The increase in the value falls outside of the tax cap calculation.

Jeffrey Mitchell deferred the question to the Nye County Assessor.

Sherri Stringer, Nye County Assessor, was present and stated Mr. and Mrs. Erbe received obsolescence since 2010. When the repairs were done, the obsolescence was taken away. It was brought up to new value and the home is now functional. The entire time the home was functional, and Mr. and Mrs. Erbe were living in the home. Once the repairs were taken care of and the litigation was completed, we did take away the obsolescence, and the value was brought up to normal standards.

Commissioner Rigby moved to approve Item III. F. 1. John A. and Kathryn Erbe. Commissioner Brown seconded the motion. All in favor. Motion carries.

Item III. G. 1. – Steven S. Acor:

Adriane Roberts-Larson, Tax Program Supervisor, was present on behalf of the Nevada Department of Taxation.

Commissioner Brown asked what the monthly payment is for each entity; or what is the total monthly payment.

Ms. Roberts-Larson stated that the payment is \$50 on each account for a total of \$100 per month.

Commissioner Brown moved for approval of Item III. G. 1. Steven S. Acor. Commissioner Lipman seconded the motion. All in favor. Motion carries.

Item III. B. 2. CE Power Engineered Services LLC:

Commissioner Rigby asked, when a taxpayer comes forward with an understanding that tax is owed, is there a review process.

Melissa Gardner, Audit Manager for the Department of Taxation, stated that the Department does review the packet and the information provided.

Commissioner Rigby suggested that the Department review this matter and bring it back to the Commission.

Melissa Gardner stated the taxpayer did make retail/taxable sales to non-exempt entities.

Commissioner Rigby suggested that this information be included with future write ups.

Commissioner Rigby made a motion to approve Item III. B. 2 CE Power Engineered Services LLC. Commissioner Brown seconded the motion. All in favor. Motion carries.

IV. DIVISION OF LOCAL GOVERNMENT SERVICES:

- A. Certification of Ad Valorem Tax Rates for Fiscal Year 2020-2021 pursuant to NRS 361.4547

Kelly Langley, Supervisor of Local Government Finance, was present on behalf of the Nevada Department of Taxation. In the packet are the proposed property tax rates for Nevada local governments for fiscal year 2020-2021, also known as the "Red Book". The tax rates have been reviewed and we can recommend to you that they are within statutory limitations. On roman numeral page three of the Red Book, entitled Property Tax Revenue Dollars Projected, this includes a statewide assessed value, including net proceeds of minerals of \$139.8 billion dollars, up from the prior year of \$130.1 billion dollars. We project this will generate approximately \$4.45 billion dollars from property taxes, up from last year's property tax collection of \$4.19 billion dollars. The schools receive 39.2 percent, while the state receives approximately 5.3 percent. On the last page of the Red Book are the Tax Cap Factors. The residential cap was set at 3 percent. Each county has a general cap factor based on the higher of either the 10 year rolling average growth rate and assessed value, or two times the CPI, which is 3.6 for fiscal year 2020-2021, down from 4.8 from fiscal year 2019-2020.

Commissioner Lipman requested an explanation regarding the errata sheet that was provided.

Kelly Langley stated that the main change on the errata sheet is the Town of Moapa's tax rate is .02. In some sections of the book, it added that along with the 911. The combined rate is .0194. Because it was combined, it added it twice. The other item was the Douglas County Redevelopment Agency. It is combined with three different entities. When trying to get the combined rate, it was calculated incorrectly, and was also corrected.

Commissioner Witt moved to approve the certification of Ad Valorem Tax Rates for Fiscal Year 2020-2021. Commissioner Brown seconded the motion. All in favor. Motion carries.

V. INFORMATIONAL ITEMS:

- A. Penalty and Interest Waivers granted by the Department for Sales/Use Tax, Modified Business Tax and Excise Tax (dates as indicated).
- B. Approval and Denial Status Report Log for Organizations Created for Religious, Charitable or Educational Purposes (dates as indicated) (Sales/Use Tax Exemption).

There were no questions from the Commission.

VI. BRIEFING:

- A. Briefing to/from the Commission and the Executive Director.

Chief Deputy Shellie Hughes reported on behalf of Director Young. Director Young is attending an Interim Finance Committee meeting today. Chief Deputy Hughes reported the budget savings for fiscal year 2020. The Department was able to accommodate a vacancy savings and a few operating savings. The biggest item that the Department had to table was the modernization project, Project MYNT (Modernize Your Nevada Tax). As you may recall, the Department received \$1.7 million dollars to study the Department's tax system. We are going to use these funds to save the current system, determine the Department's readiness for modernization and to develop a roadmap for RFP for the system replacement. The project has been tabled at the feasibility study phase. The other item on the agenda is a request for a position in response to AB445, the marketplace facilitator bill. A special session will happen sometime in July.

Chief Deputy Hughes reported that the Department is working well through the COVID 19 pandemic with staff working in the offices, some at home and some with variable schedules. There are a few staff members that are on leave. The Department has opened by appointment only as of June 1. Appointments can now be made through an online system on the Department's website. Appointments can be made for cash payments,

citation responses, initiation of a payment plan, tax clearance letters, dropping off audit documents, discuss audit findings, English as a second language service, and civil penalty hearings. All offices, except for the Grant Sawyer Building, are open by appointment. There are currently no walk-in services. The Department is working with taxpayers during this difficult time with extensions and communications about waiving penalties and interests, and processing extension requests.

VII. Next Meeting Date: August 17, 2020

VIII. Public Comment.

There was no public comment.

IX. Items for Future Agendas.

Commissioner Wren stated he hopes we will all be back together soon and suggested that we may want to use Zoom for future meetings.

X. Meeting adjourned at 9:39 a.m.